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Pressure on margins reduced earnings

SSAB today reported its results for 2001. Excluding non-recurring items, profit after financial items declined compared with last year and amounted to SEK 835 (1,283) million. Cash flow improved to SEK 151 (-406) million.

- 2001 was a weak year of the steel industry from a global perspective, says CEO Ullberg in a comment on the results. Prices for sheet came under pressure towards the end of 2000, at the same time as costs for iron ore and coal increased sharply. This resulted in weaker margins, especially in our sheet operations.

- The end of the year was also weak in terms of volumes, especially in Sweden where we experienced significantly lower activity during the final months of the year. However, activity has increased since the beginning of the year and has recovered to the level we enjoyed earlier during the second half of 2001.

- It is pleasing to note that developments have continued to be positive in Plannja and SSAB HardTech and that we were able to convert so rapidly to increased slab production when deliveries of liquid crude steel were abrupted following the bankruptcy of Inexa Profil, says Anders Ullberg.

- In order to respond to a weaker state of the economy, we have commenced a number of cost-cutting measures in 2001 that will bear fruit during the course of this year, notes Anders Ullberg.

- Future economic trends are difficult to assess. Even if we do not foresee any general increase in steel consumption in Europe before the second half of the year, we believe that it is possible to increase volumes in the steel operations through increased sales of our niche products, quenched steels and high-strength sheet, points out Anders Ullberg.

- The decision to be taken in the next few months by President Bush as a result of demands by the American steel industry for measures to stop imports of steel into the US will also be of importance for the steel industry in the next few years. The imposition of the protective tariffs that have been proposed will result in artificially high steel prices in the US, which will weaken the competitiveness of steel-consuming industries in the US. Such measures will also result in radical changes in the flows of trade in steel to the detriment of the rest of the world’s steel industry, concludes Anders Ullberg.